

STATEMENT OF PURPOSE**RS23594**

In recent years, the Legislature has been asked to consider and approve a wide variety of education-related pilot programs to improve our public schools. Most of those pilot projects include requests for significant funding from the State General Fund. This bill provides an alternative means of fostering innovation in Idaho's schools. The purpose of this legislation is to establish pay for success contracting in Idaho. The new code would allow the State to enter into agreements with private entities whereby the entity bears the sole burden of financing the cost of a program. The State bears no risk and would only disburse funds if the program met rigorous metrics designed to achieve better outcomes for the State while spending less money. Because of the built-in accountability, pay for success contracting is a data-driven financing mechanism for education-related pilot project programs.

FISCAL NOTE

There is no fiscal impact.

The State does not pay any program costs up front. As a part of the contracting process, the parties agree to specific metrics to measure the effectiveness of the program. Only if the contractor meets the predetermined benchmarks and can show that the program has been cost-effective is the State obligated to reimburse program costs with funds it would have spent on similar programs. The reimbursements are made from the cost savings to the State as a result of the successful program.

The State Department of Education may incur costs associated with the negotiation and implementation of a pay for success contract. If the contract is successfully negotiated, the private entity would include the Department's expenses as a part of the overall program cost. In that case, the entity would cover those upfront costs as well.

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